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August 18, 2005

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: CC Docket No. 96-45 In the Matter of Federal-State Joint Board on Universal Service Petitions of TracFone Wireless, Inc. for Forbearance and for Designation as An Eligible Telecommunications Carrier in the States of Alabama, Connecticut, Florida, Massachusetts, New York, North Carolina, Tennessee, and Virginia

Dear Ms. Dortch:

This letter is in response to the August 9, 2005 ex parte letter filed by Katherine O'Hara, Executive Director, Federal Regulatory, Verizon Communications in the above-captioned docket. In that letter, Verizon articulated certain objections to TracFone's request to be designated as an Eligible Telecommunications Carrier (ETC) and its proposal to offer a wireless Lifeline service to low income consumers who qualify for participation in the federal Lifeline program. Verizon's stated grounds for objecting to allowing resale providers to be ETCs in general and to TracFone's proposal in particular have been extensively refuted by TracFone in prior filings. Therefore, only brief responses to the assertions in Verizon's August 9 letter are necessary.

First, Verizon questions whether there should be a change in the Commission's rules to allow non-facilities-based carriers to receive universal service support. The only Commission rule which is an impediment to resale providers being designated ETCs is Section 54.201(i) which incorporates Section 214(e)(1)(A) of the Communications Act. TracFone has petitioned the Commission to exercise its statutory forbearance authority codified at Section 10 of the Act (47 U.S.C. § 160). In its petition for forbearance, TracFone demonstrated that each of the criteria for forbearance has been met. If the Commission forbears from application of Section 214(e)(1)(A) of the Act and Section 54.201(i) of the rules, then no provisions of the Commission's rules need to be changed to accommodate TracFone's proposal.

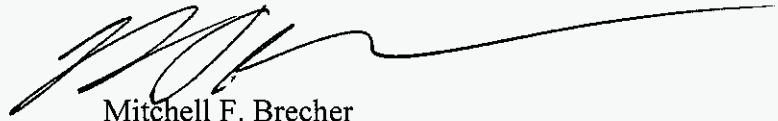
Next, Verizon complains that TracFone's proposal could attract customers that receive primary line support elsewhere and "lifeline support for secondary lines would be an additional expansion of the universal service fund." Since TracFone only is seeking ETC status to offer Lifeline service, it will not impact the number of lines which receive universal service support through the high cost portion of the Universal Service Fund. TracFone would only receive support for those customers who elect to purchase its Lifeline service. Most Lifeline-eligible customers, including those residing in states served by Verizon, do not currently participate in the Lifeline program. Since less than thirty-four percent of Lifeline-eligible customers nationwide currently receive Lifeline support, it is difficult to imagine that any success which TracFone has in attracting low income customers to its Lifeline program will place upward pressure on the Universal Service Fund. In fact, the failure of Verizon and other ETCs to effectively market Lifeline service to eligible consumers has created a significant business opportunity for TracFone – an opportunity which TracFone seeks to avail itself of through its ETC petitions.

Finally, Verizon's suggestion that a rulemaking proceeding would be necessary to resolve how prepaid providers would be compensated, and to determine whether there can be "Lifeline-only" ETCs also is incorrect. In prior filings, TracFone has addressed in detail how its Lifeline service would be offered and how it would receive USF funding. Also, no rule change would be necessary to allow Lifeline-only ETCs. As TracFone has stated repeatedly, the Commission has ample authority to condition approvals and grants of applications, and TracFone would willingly accept a condition limiting its ETC participation to Lifeline service.

In conclusion, nothing raised in Verizon's August 9 letter presents any impediment to the Commission taking action on TracFone's forbearance petition by the statutory deadline of September 6, 2005, and simultaneously granting petitions for ETC designation.

Pursuant to Section 1.1206(b) of the Commission's Rules, this notice is being filed electronically in the above-captioned docket. If you have any questions regarding this matter, please feel free to contact undersigned counsel for TracFone.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Brecher", with a long horizontal flourish extending to the right.

Mitchell F. Brecher

cc: Mr. Thomas Navin
Ms. Narda Jones
Mr. Ian Dillner
Mr. Mark Seifert
Ms. Carol Pomponio
Mr. Jeremy Marcus